

Newsletter

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AMENDMENTS TO REGULATIONS GOVERNING UNFAIR TRADE PRACTICES IN KOREA

Under the Act on the Investigation of Unfair International Trade Practices and Remedy against Injury to Industry (hereinafter "the Act"), the Korea Trade Commission ("KTC") has the authority to conduct investigations and bring enforcement actions against unfair trade practices in Korea, including infringement of intellectual property ("IP"), such as patents, trademarks, and copyrights. An amendment to the Act was recently announced on March 21, 2008, with the aim of enhancing the effectiveness of KTC's activities against unfair trade practices and encouraging the public to take advantage of KTC procedures. The amendment will enter into force on September 21, 2008. A summary of the major amendments are as follows.

Introduction of an Affirmation Procedure

Under the present Act, the KTC can order corrective measures to block the specific export/import route for a particular product if it determines that the product infringes another's IP right(s). Unfortunately, the relief is limited to the specific export/import route. In other words, third parties may circumvent the export/import block by simply using a different export/import route. Accordingly, a separate petition must be filed with the KTC to block the subsequent export/import route. This is highly inconvenient and impractical because obtaining a new KTC blocking order is a time consuming process.

Under the new Act, any person and/or party can seek relief from the KTC to prevent the export/import of infringing products regardless of the route taken by the violating party. Only the product must be affirmed as being identical to the one that the KTC previously determined to infringe the IP right(s).

Acceleration of Investigation

It is at KTC's sole discretion whether to initiate an ex officio investigation on unfair trade practices. Once it is determined that an investigation is needed, the KTC sets its own deadline for making a decision.

Previously, the KTC decided whether to initiate an investigation within 30 days of filing the complaint and usually set its deadline at approximately one (1) year from the starting date of the investigation.

Under the new Act, the KTC will be given 20 days after the filing of the complaint to determine whether to initiate an investigation. After the investigation, a decision will be provided within six (6) months. This six (6) month deadline can be extended twice by up to two months each time, if appropriate reasons are given. Examples of acceptable reasons include the existence of a pending related dispute (e.g. court lawsuit or administrative action), a petition for extension filed by one of the parties based upon reasonable grounds, or difficulties in investigating substantive matters.

Other Amendments

Under the prior Act, the petitioner needed to provide a security deposit when requesting provisional measures for an immediate suspension of unfair trade practice by the KTC. Under the new Act, the security deposit is not required at the time of requesting the provisional measure. Now, the petitioner must simply provide the deposit before the KTC makes a decision regarding the provisional measure.

Moreover, to encourage parties to take advantage of KTC's procedures, persons who request the investigation and/or persons who provide important information/materials regarding the unfair trade practices are awarded up to 10% of any monetary penalty imposed against the violating party.

IMPORTANT CHANGE TO KOREAN EXAMINATION RULE – NEW LIMITS ON MAXIMUM NUMBER OF MONTHLY EXTENSIONS IN RESPONDING TO KIPO OFFICE ACTIONS

The Korean Intellectual Property Office ("KIPO") has introduced an important change to the rules governing patent and utility model examinations in Korea.

Under the previous KIPO examination rules, there was no express limitation on the number of extensions available when responding to office actions. Instead, the number and duration of extensions was at the Examiner's discretion. In certain instances, this has led to excessive extensions being granted. In one example cited by KIPO, the applicant obtained extensions for fifty-seven (57) months. Consequently, the rule change is intended to prevent such purposeful delay tactics.

Under the new rules, extensions are available for up to FOUR (4) months only (i.e., a total of six (6) months, including the initial two (2) month reply period) for responding to office actions, absent "special reasons" warranting further extensions. This new examination rule will apply to applications with office actions issued on or after July 1, 2008. In principle, KIPO will allow extensions for up to four months only. Any further extension request will need to be accompanied by a separate description of reasons justifying further extensions. The Examiner will then grant or deny the extension request after reviewing the reasons for the extension. Special reasons warranting extensions beyond the four (4) month include additional time needed for testing, existence of a parent or divisional application pending trial or on appeal with the patent board, or adverse conditions beyond the control of the applicant.

According to KIPO, providing six (6) months (i.e., two (2) months given as the initial deadline, plus four additional months as needed) to respond to office actions is in line with practices in the United States (initial period of three (3) months; extendible by three (3) months); Japan (initial period of three (3) months; extendible by three (3) months); and Europe (initial period of four (4) months; extendible by two (2) months).

While the four (4) month extension limit rule change does not apply to office actions dated prior to July 1, 2008, Examiners still have discretion to grant or deny extension requests. Accordingly, in light of the rule change, Examiners may be more unwilling to grant extensions liberally. Therefore, we urge all applicants to provide responses to office actions before the end of six (6) months.

KIPO'S POLICY SHIFT FROM "FAST-FOR-ALL" EXAMINATION TO "CUSTOMER-TAILORED" HIGH QUALITY EXAMINATION

Korean Intellectual Property Office ("KIPO") Commissioner Jung-Sik Koh announced in a press briefing on June 18, 2008, that KIPO is shifting its policy focus from "fast-for-all" examinations to "customer-tailored" high quality examinations. Under the current system, KIPO had a strong emphasis on speed. The first office action was usually sent out within 10 to 12 months from the request for examination. Under the proposed system (scheduled to start on October 1, 2008), KIPO will allow applicants to choose one of three examination tracks: accelerated, normal, or delayed examination.

A recent survey of 1000 applicants who filed patent applications revealed that the quality of the patent examination has become an important concern for applicants. The survey also indicated that a customer-tailored examination process is preferred over simply expediting the examination process for all cases. In view of the survey results, KIPO decided that a shift in policy focus was needed.

Under the proposed "accelerated" examination track, applicants can expect to receive office actions within 2-3 months of filing their petition for accelerated examination. KIPO will also broaden the scope of eligible applications by allowing accelerated examination if the applicant has obtained or requested a prior art search from one of the four authorized organizations (designated by KIPO). On the other end of the spectrum, KIPO also plans to launch a "delayed" examination track wherein an applicant can choose the time for KIPO to commence the examination ranging from 18 months after the petition for delayed examination to 5 years after the filing date. The petition for delayed examination can be filed within 6 months after filing the request for examination and can be withdrawn and amended within 2 months after filing the petition. For the "normal" examination track, KIPO will attempt to keep the average pendency of the first office action to less than

16 months (while this is a slight increase from the current pendency period, it remains one of the world's fastest response times).

In addition to the 3-track examination system, KIPO will take measures to improve the quality of examinations, noting that 91.4% of those surveyed believed KIPO should provide examinations that are competitive with those of the leading nations in the IP field. The ultimate goal of this policy shift is to produce strong and solid patent rights in view of global standards.

For more information provided by KIPO, please visit http://www.kipo.go.kr/kpo2/user.tdf?a=user.english.board.BoardApp&c=1003&board_id=kiponews&catmenu=ek20200&seq=1177.

WIDE SCOPE OF A TRADEMARK'S IDENTICALNESS ACKNOWLEDGED BY THE PATENT COURT



The above mark is a registered trademark (designated goods: perfume) of Kenzo Société Anonyme (hereinafter "Kenzo"), which is an affiliate of the French conglomerate, Louis Vuitton Group.



[Actual Use of the Trademark as Perfume Packaging (before & after packaging is disassembled)]

The Kenzo trademark contains four (4) elements (i.e., representing the blooming stages of a flower from the bud until full bloom). Kenzo used its trademark on the four (4) sides of the perfume's rectangular box packaging, as shown above.

Amore Pacific, Co., Ltd. ("Amore") filed a cancellation action against the above trademark and argued non-use of the mark by Kenzo's based upon differences between the registered mark and Kenzo's product packaging. The issue is whether such use of the trademark can be deemed identical to the registered trademark.

The Patent Court ruled that even though Kenzo's use was slightly different from the registered mark, (e.g., 4 blooming states of the poppy was in reverse order and the direction of the written word was vertical rather than horizontal), Kenzo's product packaging was recognized as identical to its registered mark to satisfy the actual use requirement.

Importantly, the Court appear to have expanded the "single glance" test. Previously, in order to establish actual use, the trademark registrant had to show that each of the elements of the combined marks was recognizable (or viewable) in a single glance.

For example, the words "FLAVONO" and "FLAVONO in its Korean transliteration" was used on different sides of a gum's packaging. However, the Patent Court held this to be proper because consumers could view the entire mark in a single glance. Similarly, in a case involving a signboard for a custom tailor shop, the registered trademark was "BURTON and its Korean transliteration." However, the actual use consisted of "BURTON in its Korean transliteration" on a protruding signboard, while "BURTON" was used on a separate signboard in front of the store. The Court accepted the registrants use since the elements of the mark were sufficiently close to each other in distance and easily recognizable in one glance, depending on the consumer's viewing angle.

Compared to these previous decisions, the current Kenzo decision recognizes a substantially wider scope of identicalness. Even though consumers cannot see all the elements of the trademark from the package in a single glance, the Kenzo Court considered the package's disassembled form in determining identicalness. We expect the Patent Court's more liberal standard for identicalness will create greater flexibility for trademark owners.

At this time, the opposing party has filed an appeal against the Patent Court decision, and the case is currently pending before the Supreme Court.

COURT HOLDS THAT MASAI WALKING IS NOT DESCRIPTIVE

The Seoul Central District Court ruled in favor of the registrant holding that the registered mark "MASAI WALKING," is distinctive in connection with shoes. Therefore, the mark was found to be enforceable (Case No. 2007Gahap92570; decided on April 16, 2008).

Case background

Masai Marketing & Trading AG ("Plaintiff") registered the mark "MASAI WALKING" in connection with shoes. The shoes were designed to have healthful benefits. Due to the recent popularity of "well-being" products (products that are geared towards healthy living), the "MASAI WALKING" shoes became popular throughout Korea.

Once the shoes gained in popularity, many counterfeiters came into the market. One such company, RYN Korea ("Defendant"), started using "MASAI WALKING," "MASAI WALKING SHOES," "MASAI WALKING CENTER," "MASAI WALKING CENTER RYN," "MASAI TRIBE WALKING SHOES," "MASAI TRIBE WALKING CENTER," "MASAI WALKING SHOES RYN," and "MASAI TRIBE WALKING SHOES" in connection with its own line of shoes.

After receiving a cease and desist letter from the Plaintiff, the Defendant tried to fight back with a counter-trial for affirmation of scope of trademark right before the Intellectual Property Tribunal ("IPT") against the Plaintiff's registered mark. The Defendant argued that the Plaintiff's registered mark, "MASAI WALKING," in Korean characters is generic or descriptive because the shoes were based upon the "MASAI" tribe's particular walking style. Consequently, Defendant argued its use of "MASAI WALKING SHOES RYN" did not fall within the scope of the rights granted to the Plaintiff's registered mark. The Defendant also lodged an invalidation trial against the

Plaintiff's registered trademark before the IPT arguing that the Plaintiff's registered trademark is generic or at least descriptive. However, both trials were dismissed by the IPT. Defendant then appealed the invalidation action to the Patent Court which was also dismissed. Thereafter, Defendant appealed to the Supreme Court. The Supreme Court dismissed the case again finding it to be groundless.

Subsequently, the Plaintiff filed a petition with the Seoul Central District Court alleging trademark infringement against the Defendant.

The Seoul Central District Court Decision

Before the District Court, Defendant argued that the Plaintiff's registered trademark had become recognized by consumers as generic or descriptive for "shoes without heels and the sole of which is in a curved form." However, the Court did not find the Defendant's arguments persuasive.

The Court looked at the following factors in deciding that Plaintiff retained trademark rights to the "MASAI WALKING" mark:

- "MASAI WALKING" was first used by the Swiss engineer Karl Müller who invented shoes inspired by the Masai tribe's manner of walking.
- Karl Müller's said invention based on the Masai Barefoot Technology was granted a patent.
- The trademark for "MASAI WALKING" has been registered in numerous countries including Switzerland, New Zealand, Canada, China, Japan and the United States.
- The trademarks for "mBT by SWISS MASAI", "SWISS MASAI", "MASAI WALKING", etc. has been registered in Korea.
- The term "Masai Walking" had been used by Plaintiff as a trademark since July 2003 and advertised through numerous media outlets including, books, newspapers, magazines, and TV broadcastings.

In sum, the Court recognized that "MASAI WALKING" is distinctive and is neither descriptive nor generic in connection with the designated goods. Thus, use of a similar mark by the Defendant, on similar goods, is likely to cause consumer confusion as to the origin of the goods. In light of the foregoing, the Court held that the Defendant's acts constituted trademark infringement. This decision is currently under appeal before the High Court.

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